

SENATE RECORD VOTE ANALYSIS

104th Congress
1st Session

Vote No. 556

October 27, 1995, 11:59 p.m.
Page S-16095 Temp. Record

BALANCED BUDGET RECONCILIATION/Final Passage

SUBJECT: **Balanced Budget Reconciliation Act of 1995 . . . S. 1357. Final passage, as amended.**

ACTION: BILL PASSED, 52-47

SYNOPSIS: As passed, S. 1357, the Balanced Budget Reconciliation Act of 1995, will result in a balanced budget in seven years, as scored by the Congressional Budget Office (CBO). The bill will also provide a \$245 billion middle-class tax cut, \$141.4 billion of which will be to provide a \$500 per child tax credit. The Congressional Budget Office (CBO) scores the bill as it passed the Senate as follows (in billions of dollars):

Fiscal Year	1996	1997	1998	1999	2000	2001	2002
Outlays (total)	1589	1625	1654	1706	1758	1793	1844
Discretionary	534	524	518	520	516	515	
Mandatory		798	840	876	930	1025	1083
Net Interest	257	261	260	260	258	247	
Revenues		1414	1448	1517	1587	1667	1757
Deficit		174	177	137	119	92	36 -9(surplus)

Reconciliation savings by committee include the following:

Agriculture Committee, \$47.2 billion (\$11.5 billion from agriculture programs (for related debate, see vote Nos. 506, 535, and 537) and \$35.8 billion from nutrition programs), including:

- for wheat, feed grains, cotton, and rice the amount of farmland ineligible for subsidies will be increased to 30 percent and the amount of annual subsidies will be capped;
- greater flexibility will be given to plant other crops and acreage reduction programs will be eliminated;
- nonfat dry milk and butter price supports will be eliminated and cheese price supports will be phased down (for related debate,

(See other side)

YEAS (52)		NAYS (47)		NOT VOTING (0)	
Republicans (52 or 98%)	Democrats (0 or 0%)	Republicans (1 or 2%)	Democrats (46 or 100%)	Republicans (0)	Democrats (0)
Abraham	Hutchison	Cohen	Akaka	Inouye	
Ashcroft	Inhofe		Baucus	Johnston	
Bennett	Jeffords		Biden	Kennedy	
Bond	Kassebaum		Bingaman	Kerrey	
Brown	Kempthorne		Boxer	Kerry	
Burns	Kyl		Bradley	Kohl	
Campbell	Lott		Breaux	Lautenberg	
Chafee	Lugar		Bryan	Leahy	
Coats	Mack		Bumpers	Levin	
Cochran	McCain		Byrd	Lieberman	
Coverdell	McConnell		Conrad	Mikulski	
Craig	Murkowski		Daschle	Moseley-Braun	
D'Amato	Nickles		Dodd	Moynihan	
DeWine	Pressler		Dorgan	Murray	
Dole	Roth		Exon	Nunn	
Domenici	Santorum		Feingold	Pell	
Faircloth	Shelby		Feinstein	Pryor	
Frist	Simpson		Ford	Reid	
Gorton	Smith		Glenn	Robb	
Gramm	Snowe		Graham	Rockefeller	
Grams	Specter		Harkin	Sarbanes	
Grassley	Stevens		Heflin	Simon	
Gregg	Thomas		Hollings	Wellstone	
Hatch	Thompson				
Hatfield	Thurmond				
Helms	Warner				

EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

VOTE NO. 556

OCTOBER 27, 1995

see vote No. 534);

- Congress will approve the Interstate Dairy Compact and an export class will be created for dairy products (see vote No. 528);
- the Conservation Reserve Program will be capped at its present 36.4 million acres;
- authority to buy permanent easements under the Wetlands Reserve Program will be eliminated;
- the food stamp standard deduction will be reduced from \$138 to \$116; and
- food stamps will be denied for legal aliens the first 5 years they are in the country.

Armed Services Committee, \$.6 billion:

- excess materials from the National Defense Stockpile will be sold.

Banking Committee, \$3.2 billion, including:

- owners of HUD-assisted rental units will rent at least half of their properties to working families.

Commerce Committee, \$15.1 billion, including:

- spectrum will be auctioned.

Energy and Natural Resources Committee, \$4.6 billion, including:

- the U.S. Enrichment Corporation will be privatized;
- the Federal Helium Program will be terminated;
- oil leasing in the Arctic National Wildlife Refuge will be authorized (for related debate, see vote Nos. 525 and 543);
- the prohibition on prepaying debts owed to the Bureau of Reclamation for irrigation projects will be lifted (see vote No. 538

for related debate);

- hardrock mining law will be reformed (for related debate, see vote Nos. 540, 545, and 549); and
- incentives will be provided for Outer Continental Shelf oil and gas production (see vote No. 553 for related debate).

Environment and Public Works Committee, \$2.2 billion, including:

- funding for highway demonstration projects will be reduced (see vote No. 512 for related debate).

Finance Committee savings: \$533.2 billion, including Medicare savings of \$271.5 billion and Medicaid savings of \$172.1 billion.

Further details are below.

Medicare (see vote Nos. 500, 508, and 554-5; for related debate, see vote Nos. 499, 510, 524, 526-7, and 530):

● beginning in 1997 for Part A (Hospital Insurance) benefits, Medicare beneficiaries will be permitted to enroll in Medicare Choice plans operating within their geographic areas; Medicare Choice plans will be fee-for-service plans, health maintenance organizations (HMOs), preferred provider organizations (PPOs), Point of Service (POS) plans, association and union plans, and any other plans that meet listed requirements for providing Medicare services (except for Medical Savings Accounts; see vote No. 555); beneficiaries may also stay in the existing fee-for-service program; HMOs will offer options that will allow Medicare beneficiaries to choose their own doctors (see vote No. 508);

● payment amounts will be based on the current HMO reimbursement method with a phased-in adjustment to equalize the current nationwide disparities in payment amounts (which vary by 425 percent); after 1996, payment rates will be updated by the per capita growth in gross domestic product;

● Medicare secondary payer status will be made permanent for disabled beneficiaries with employer-provided insurance;

● Medicare's planned annual rate of growth will be 6.5 percent for each of the next 7 years, though the provision to ensure that rate (the Budget Expenditure Limit Tool) was stricken (see vote No. 555);

● Changes will be made to improve access to rural areas;

● Provisions will be enacted to curb waste, fraud, and abuse (see vote No. 500; for related debate, see vote No. 510);

● the Medicare Part B (the voluntary portion of Medicare) premium will remain at 31.5 percent (in other words, the Federal subsidy will remain at 68.5 percent);

● Medicare eligibility will still begin at age 65;

● it is the sense of the Senate that Medicare coverage should be given for the new cancer drug treatment for breast and prostate cancer; and

● the Medicare Part B subsidy will be phased-out for single taxpayers with incomes over \$100,000 and for couples with incomes over \$150,000.

Medicaid (see vote Nos. 513, 528, 539, 542, and 554; for related debate, see vote Nos. 502, 518, and 532-3):

● Medicaid will be made into a block grant, discretionary program;

● spending on Medicaid will increase by 5 percent per year for each of the next 7 years;

● States will be required to continue spending at least 85 percent of the amounts they spent during FY 1995 on pregnant women and children, the elderly, and the disabled (see vote No. 518 for related debate);

● States will use the Federal definition of disabled (see vote No. 513);

● conferees are instructed to recede to the House language prohibiting Medicaid funding of abortions except to save the life of the mother or in cases of rape or incest (see vote No. 542; for related debate, see vote No. 539); and

● Federal nursing home standards will be retained (see vote Nos. 528 and 554).

Other Finance Committee changes, \$89.6 billion:

OCTOBER 27, 1995

VOTE NO. 556

- the Earned Income Credit (EIC) will be reformed by limiting eligibility to families with children, by limiting its rate of growth, by passing anti-fraud provisions, and by denying the credit to individuals with high amounts of unearned income; total savings in outlays and revenues will be approximately \$43 billion (for related debate, see vote No. 501);

- welfare reforms from the welfare reform bill that passed the Senate will be enacted (see vote No. 443), though key provisions from that reform will be deleted (see vote No. 555).

Governmental Affairs Committee, \$9.9 billion:

- savings will come from adjustments to Federal employee retirement systems, though the formula for computing the Federal retirement annuity will not be changed.

Judiciary, \$.5 billion:

- the surcharge on patent fees will be extended through FY 2002.

Labor Committee, \$4.7 billion, including:

- direct lending will be capped at 20 percent of total loan volume (see vote No. 504; for related debate, see vote No. 503).

Veterans, \$6.7 billion, including:

- the *Gardner v. Brown* decision will be overturned.

Net tax relief of \$228.3 billion will be provided (this figure includes \$245 billion in tax relief minus nearly \$20 billion by reforming tax expenditure provisions, including by amending current tax law to prevent tax avoidance by expatriating, but not including by reforming tax law regarding overfunded pension plans (see vote No. 520). In FY 1996, 90 percent of the tax relief will go to families with incomes of less than \$100,000. Over the next 5 fiscal years, 84 percent of the tax relief will go to such families. Provisions include the following:

- a \$500 nonrefundable tax credit will be provided for children under age 18; it will phase out for couples with incomes between \$110,000 and \$130,000 and will phase out for single tax filers with incomes between \$75,000 and \$95,000; this provision will provide \$141.7 billion in tax relief over 7 years (for related debate, see vote No. 514);

- the standard deduction amount for married couples will be increased gradually over 10 years to 200 percent of the single deduction amount; for filers who do not itemize, this provision will virtually eliminate the marriage penalty in the tax code; the tax relief this provision will provide to married couples will be \$12.28 billion over 7 years;

- a nonrefundable adoption credit will be provided that will allow the exclusion of up to \$5,000 in adoption costs; the credit will be phased out between the taxable income levels of \$60,000 and \$100,000 for both individuals and couples; the cost of this provision over 7 years will be \$1.98 billion;

- an exemption of up to 20 percent (up to \$500) for interest paid on a student loan will be provided; the tax relief from this provision over 7 years will be \$1 billion;

- tax relief will be enacted for individual retirement accounts (IRAs), including: by increasing the gross income phase-out rates; by allowing up to \$2,000 tax-free contributions for IRAs for homemakers; by allowing penalty-free withdrawals for first-time home buyers, medical expenses, college expenses, and periods of unemployment; and by allowing back-loaded IRAs (in general, funds in such IRAs are taxed on deposit instead of on withdrawal); the IRA tax relief in this bill will total \$12.73 billion over 7 years;

- for individuals, there will be a 50 percent capital gains tax deduction for assets held more than 1 year (except for collectibles), which will lower the effective tax rate to 19.8 percent; the tax relief provided from this provision will be \$33.5 billion over 7 years (for related debate, see vote No. 548);

- for family-owned businesses and farms, the first \$1.5 million of an estate will be exempt from the estate tax, and on the next \$3.5 million the tax will be reduced by 50 percent; the tax relief provided by this section will be \$13.29 billion over 7 years (for related debate, see vote No. 546);

- long-term care insurance will be treated like medical insurance under the tax code; this provision will give individuals \$9.89 billion in tax relief over 7 years; and

- other tax relief provisions: corporate capital gains tax reform will provide \$6.8 billion in tax relief; reform of the Alternative Minimum Tax will provide \$9.24 billion in tax relief; and various tax expenditure reforms will be made that will increase revenues by more than \$20 billion.

Miscellaneous:

- Social Security earnings limit: the limitation on the deduction of executive salaries will be extended and the savings will be used to limit the earnings limit penalty (see vote No. 509); it is the sense of the Congress that the earnings limit penalty should be removed (see vote No. 507);

- the amount of a self-employed individual's health insurance that may be deducted will be increased to 55 percent (see vote No. 515);

- States will be prohibited from taxing pension income of individuals residing in other States;

- farmers will be allowed to roll over their gain from the sale of farm assets into individual retirement accounts; and

- the President will be required to include in his annual budget submission a section on generational accounting that will show the impact current spending policies will have on future taxpayers.

Those favoring final passage contended:

Most votes we cast as Senators have little lasting significance, but others cause or mark fundamental shifts in America's course that are felt for decades. The vote we are about to cast will mark an enormous shift that is occurring in America. The budget will be balanced by reducing spending, particularly entitlement spending. The 60-year dominance of liberal ideology, in the modern sense of the word, is drawing to a close, as classical liberalism stages a resurgence in the wake of the failures of central planning.

The massive \$5-trillion debt (which comes to \$18,500 in debt for each American), the uncontrolled growth of entitlement spending, the failure of welfare programs to do anything more than increase the number of needy Americans, and the crushing and ever increasing Federal tax burden have soured Americans' faith in the ability of the Federal Government to plan their affairs. Americans want a return to individual freedom and individual responsibility. They want the Federal Government to balance the budget by cutting spending, not raising taxes. They are already taxed enough--in the 1950s, the average American family sent \$1 out of every \$50 to the Federal Government; today, it sends \$1 out of every \$4.

In the last election, the growing anger of Americans finally erupted as they turned over control of both Houses of Congress to Republicans. Republicans seized their mandate by instantly acting on reform proposals, such as the bill they passed to make Congress live under the same laws that it imposes on Americans. Another early effort was to try to pass a constitutional amendment to balance the Federal budget. That amendment fell one vote short in the Senate due to Democratic opposition (though we are hopeful that as elections near one or two Democrats may suddenly rethink their opposition). Many Democratic Senators who had voted for a balanced budget in prior years changed their votes this time when it really had a chance of passing. Over and over, the excuse that Senate Democrats gave us was that a constitutional amendment was not needed; all that was needed was the courage to make the hard choices.

The truth is that one hard choice has to be made, and that is to reduce the growth of entitlement spending to a sustainable level. This bill confronts the problem head-on by changing Medicaid into a block grant discretionary program and by reforming the archaic Medicare system, thereby improving services while restraining costs to a manageable level. We are all familiar with the arguments, and we are certain that even the most ideologically blind of our colleagues understand the need for the steps that will be taken in this bill. Though Democrats, led by the President, will sling their shameless "Mediscare" rhetoric, they are only posturing. They are well aware that without real reforms now, Medicare will go broke by 2002, and they are also well aware that the current program does a poor job of providing services. Democrats are soon going to have to face the fact that business-as-usual is not an option. For the past several years, they have blocked attempts to restrain entitlement spending with their strident demagoguery, secure in the knowledge that interest group pressure would then force Members to back down. (Those attempts, it should be noted in all fairness and optimism, have always had at least a few Democrats willing to stand for the need for fiscal sanity; see, for example, 102d Congress, 2d session, vote No. 75.)

Within weeks of rejecting the constitutional amendment to balance the budget, Senate Democrats fought the budget resolution tooth and nail, which proposed balancing the budget in 7 years. They proposed one amendment after another to get rid of spending cuts, they fought against tax relief for middle class taxpayers, and they had countless proposals for new spending. Apparently, when they said all that was needed was courage, they meant all that was needed was courage by Republicans, because they were totally irresponsible. During that debate, they gleefully predicted that Republicans would not have the courage to come up with specific proposals to meet the spending reductions required in the budget resolution, especially in the area of entitlements.

They were wrong. The Balanced Budget Act before us will make specific outlay and revenue changes in mandatory spending sufficient to balance the budget, plus it will give \$245 billion in long-overdue tax relief to middle-class Americans. Our Democratic colleagues have responded to this Act with a repeat of their performance on the budget resolution, confident that we Republicans would back down when challenged on the specifics of the plan.

We have not backed down. This plan will pass, a Balanced Budget conference report will emerge, and it will be presented to the President. As we said at the outset, this vote will be historic. For the first time in decades, a plan that will balance the budget by restraining spending will pass. This vote will not be the end of the battle; President Clinton and congressional Democrats will continue to resist Americans' desire for a balanced budget, less Federal spending, and less taxes. In the end, though, Democrats will lose, because they are defending a dead ideology. They just don't know it yet.

Those opposing final passage contended:

This bill will balance the Federal budget on the backs of the poor, the old, the disabled, children, and other helpless members of society. Harsh, reckless cuts will be made in Medicare and Medicaid, the earned income credit will be slashed, farm programs will be gutted, environmental laws will be brushed aside, and, to top off this nightmare, billions of dollars in tax breaks will be given to rich Americans. Nearly every page of this 2000-page bill contains some new heartless feature. Voting for this bill will bring misery to millions of needy citizens across America who rely on Federal care. A more misplaced sense of priorities could not be designed. We are saddened that this bill will pass, but it will not pass with our votes.